

RAYmond, A.C.

Some facts concerning  
Canadian Pacific Railwa  
competition . . .



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# SOME FACTS

CONCERNING

# CANADIAN RAILWAY COMPETITION,

SUBMITTED TO THE

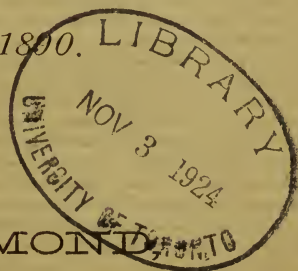
Committee on Interstate Commerce of the United States Senate,

*February 26, 1890.*

BY

*101020*  
A. C. RAYMOND,

OF DETROIT, MICH.



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*To the Senate Committee on Interstate Commerce :*

In beginning this supplementary statement in the matter of the relations of Canadian railroads to their American competitors I wish to reiterate my opinion, given in my main statement offered at Detroit in July last, that no exigency has arisen and no condition of affairs exists which call for an amendment of the Interstate Commerce Act so far as it affects Canadian railroads, or for the initiation outside of the act of any legislation concerning them. The overwhelming importance of the American *commercial* interests vitally dependent upon Canadian railroads, considered wholly apart from American *railroad* interests claimed to be unfavorably affected, should give your honorable Committee pause, in considering any proposition for additional legislation. The statement made before you in New York in May last by Mr. Charles Francis Adams, Jr., is to the same effect, but upon another ground, namely, that the American railroads had not yet obeyed the law a sufficiently long time to intelligently indicate what changes, if any, were required. The soundness of Mr. Adams' position I think incontrovertible, and should of itself secure a verdict of "no cause of action" in the report to the Senate which your Committee are about to make.

The testimony taken by your Committee upon its recent tour of investigation has, however, developed a number of vague accusations against the Canadian railroads and a series of reasons for the enactment of further restraining or regulating legislation, which deserve to be confronted with facts. If the facts which I shall adduce shall show the falsity of the aforesaid accusations and reasons, your Committee will be justified in sustaining the position assumed

by Mr. Adams and myself. Reasons for any course of action which might raise delicate and possibly grave questions of international jurisdiction and comity should at least be free from any suspicion of untruthfulness.

The alleged reasons for further legislative restriction or regulation of Canadian railroads group themselves as follows:

1st. The advantages of Canadian railroads by reason of governmental subsidies and foreign capital.

2d. The diversion to Canadian railroads of traffic which naturally belongs to American railroads.

(a) Transcontinental traffic of American origin and destination; (b) transpacific traffic to the Canadian Pacific railroad.

3d. The advantage of the Canadian railroads in their local traffic, the Interstate Commerce Act enabling them to recoup their losses on long-haul American traffic by high local rates.

4th. The lower cost of operation of Canadian railroads.

5th. The differentials which American railroads are compelled to grant to their Canadian competitors.

6th. The destruction of the revenues of American lines by excessive competition.

7th. The national policy of protection should apply to American railroads as well as to American merchants and manufacturers.

I will consider each of these reasons in its order, with as little argument as possible, but mainly by the submission of facts bearing upon each, which will of themselves, I think, make the refutation complete.

*First Reason.—Subsidies and Foreign Capital.*

These features of railway construction are as characteristic of American as of Canadian lines. I cite Mr. Patterson, of the recent Union Pacific Railroad Commission, as authority for the statement that governmental aid to that corporation will have amounted in 1895, when the obligations mature, to *four hundred and forty-seven millions of dollars*. I cite Mr. C. P. Huntington, vice-president of the Southern Pacific railroad, as to the Government aid extended to the Northern Pacific. At the hearing before the House Committee on Pacific Railroads a few days ago Mr. Huntington, in speaking of the Central Pacific, said "it was not yet completed when the Government gave a grant to the Northern Pacific of *much greater value* than the land given the Central and the Union Pacific and the bonds loaned them. Next came the immensely valuable grant to the Atlantic and Pacific." (This is now a portion of the Atchison, Topeka and Santa Fé system.)

The equally valuable grant to the Southern Pacific and its monopoly under which California has groaned for years are matters of history.

Governmental aid began early in this country. In 1826 the State of Pennsylvania began the construction of a system of railroads and canals to connect Philadelphia and Pittsburgh at a cost of fourteen millions of dollars. The city of Philadelphia also subscribed for five millions of stock in this enterprise. This system was in 1857 purchased by the Pennsylvania Railroad Company. When the Baltimore and Ohio railroad was built the State of Maryland guaranteed its immunity from taxes for all time, and at the same time subscribed for three and one-half millions in stock, while the city of Baltimore subscribed for eight and a half millions in stock. These were large sums for those days. The State of Massachusetts expended up to January, 1880,



upwards of twenty millions of dollars to build a railroad from Greenfield to North Adams and the tunnel through Housac Mountain. The city of Cincinnati alone assumed obligations of nearly twenty millions of dollars to aid in constructing a railroad into the Southern States. Up to 1879 the State of New York had given directly to its railroads nine millions of dollars and the various municipalities of that State had contributed thirty-one millions more.

The *bete noir* of the American railroads is the annual subsidy granted the Canadian Pacific railway by the imperial government for the carriage of the mails between Halifax and Asiatic ports (not between Vancouver and Asiatic ports, as is popularly stated), amounting to three hundred thousand dollars, one-half of which goes to the land portion and one-half to the ocean portion of the route. Up to this time none of this subsidy has been paid and none is due until the completion of certain steamships now building under the supervision of the British admiralty, and which are to be ready for service some time in 1891. The following figures are compiled from the First Annual Report of Railway Statistics to the Interstate Commerce Commission for the year ending June 30, 1888, from pages 162 to 188. For the purpose of painting the dreadful advantages of the foreign line in the strongest colors the unearned and unreceived subsidy shall be added to the postal compensation received by the Canadian Pacific railway for the year ending June 30, 1888, and the total compared with that received by some of its American competitors for the same time.

*Canadian Pacific Railway*—Mail compensation, \$244,909; subsidy, \$150,000; total, \$394,909.

*Vanderbilt System*—Composed of various roads, \$2,903,675.

*Pennsylvania System*—Composed of various roads, \$2,183,211.

*Union Pacific System*—\$1,009,944.



*Southern Pacific Railway*—\$881,485.

*Northern Pacific Railway*—\$399,152.

If, therefore, postal subsidies or postal compensation, or both, measure the ability of one railroad system to compete with another, the American systems are in no danger of losing the race.

If legislation is to be directed against railroads because they are built by foreign capital, many of our American roads would be in a pitiable condition, for it is a well-known fact that some of our leading roads are largely owned abroad, and the foreign capital now invested in American railroads would build several Canadian Pacific systems. The stock and bond capital of that system is, as given on page 114 of the Annual Report, &c., above mentioned, a fraction in excess of one hundred and ten millions of dollars, while the annual remittance for interest and dividends on American railroads to England, Germany, and Holland is stated on reliable authority to aggregate about one hundred millions of dollars.

If foreign capital *per se* is deserving of hostile legislation, some tax or restriction should at once be imposed upon the English millions now represented in our great breweries, flouring mills, elevators, tobacco factories, and other enterprises.

#### *Second Reason.—Diversion of Traffic from American Railroads.*

The first subdivision of this reason is the diversion of traffic which has an American origin and destination, viz., between San Francisco via steamer to Vancouver (some 800 miles), thence via Canadian Pacific to American cities east of the Missouri river. The subjoined table tells its own story and destroys this scarecrow :

	Tons.	Earnings.
Total transcontinental traffic carried by <i>all</i> the Transcontinental Association lines for twelve months ending June 31, 1889 -----	744,921	\$17,146,641 24
Total "States to States" traffic carried by the Canadian Pacific railway via Vancouver for same period -----	12,852½	214,811 90
Percentage carried by the Canadian Pacific -----	1.72	1.25

The utter insignificance of this diversion renders it almost unnecessary to make further reference to east-bound transcontinental traffic, but the peculiar methods of dealing with it displayed by Mr. A. M. Towne, general manager of the Southern Pacific railway, in his "open letter" to the Senate Committee on Relations with Canada, of which Senator Hoar is chairman, deserve a passing notice. Mr. Towne makes a startling display of items of freight and the weight of each, all nicely *reduced to pounds*. To the unaccustomed eye the ravages of the Canadian competitor thus present a harrowing picture. Reduce Mr. Towne's figures to car-loads of fifteen tons each and the following is the result :

Number of car-loads via Canadian Pacific, 12 months of 1887 -----	485
Number of car-loads via Canadian Pacific, 16 months to April 30, 1889 -----	333
Average number of cars per month, 29 ; per day, 1.	
Average number of cars crossing Detroit river (Customs Report) per day, 500 (about).	

I make the comparison of "the diversion" with the daily traffic at my own city merely to show its contemptible

smallness. The average on west-bound "States to States" traffic is slightly higher, but does not merit further attention.

The second subdivision of this reason is the diversion of transpacific traffic, which, it is claimed, naturally belongs to, and but for the Canadian Pacific railway would be carried by the American lines. The principal items composing this traffic are tea, domestics, and silk. I subjoin a table of the tea imports for fourteen years into the United States and Canada and the routes by which they were carried. The statistics are reliable and were obtained from Messrs. Smith, Baker & Co., one of the oldest and most influential American firms in the tea trade, having houses established in Yokohama and Kobe, Japan, and a house in New York under the supervision of Mr. R. B. Smith, the resident partner there:

*Imports of Teas into United States and Canada from Japan, 1875 to 1889, Inclusive.*

Season.	Via San Francisco.	Via Vancouver.	Via Suez.	Sailer to New York.	Via Tacoma.	Total.
1875-'6 .....	13,323,946	.....	1,906,235	9,980,621	.....	25,210,802
1876-'7 .....	11,110,057	.....	5,337,980	5,982,300	.....	22,430,337
1877-'8 .....	14,448,229	.....	5,590,647	3,232,708	.....	23,271,584
1878-'9 .....	12,209,728	.....	12,028,604	1,262,248	.....	25,500,580
1879-'80 .....	17,222,299	.....	15,092,653	2,334,527	.....	34,649,479
1880-'1 .....	18,317,027	.....	20,167,157	1,013,776	.....	39,497,960
1881-'2 .....	19,718,806	.....	14,549,262	.....	.....	34,268,068
1882-'3 .....	12,333,987	.....	21,668,376	532,422	.....	34,534,785
1883-'4 .....	16,217,369	.....	18,017,876	22,538	.....	34,257,783
1884-'5 .....	15,589,961	.....	19,818,428	.....	.....	35,408,389
1885-'6 .....	19,048,022	.....	16,730,911	315,951	2,998,517	39,093,401
1886-'7 .....	21,972,555	10,322,368	12,994,502	.....	.....	45,289,425
1887-'8 .....	17,414,689	10,063,766	8,779,827	.....	6,840,971	43,099,253
1888-'9 .....	11,903,314	9,576,580	8,848,056	248,693	9,243,404	39,820,047
1889*.....	14,242,700	5,175,557	11,559,994	103,981	6,862,537	37,924,769

\* (Up to November 23, 1889, from Yokohama.) New York, January 13, 1890.

This tea "season" extends from June 1 to May 31 in each twelve months.

An inspection of the table makes it clear that "the diversion" can neither be proved nor disproved by a comparison of the quantities carried each season by any line (Mr. Towne's

method), but only by a comparison of the percentages of each season's total carried by any line, as per following table :

*Table Showing Percentage of Total Imports of Tea into the United States and Canada, Carried via Various Routes at Dates Named Below.*

Season.	Via San Francisco, Union Pacific and Southern Pacific.	Via Tacoma, Northern Pacific.	Total via Ameri- can lines.	Via steam Suez route.	Via sail vessels.	Via Vancouver, Canadian Pacific.	Total.
1875-'6-----	52 $\frac{3}{4}$ %	-----	52 $\frac{3}{4}$ %	7 $\frac{1}{2}$ %	39 $\frac{3}{4}$ %		100
1882-'3-----	35% <sup>3</sup> <sub>4</sub>	-----	35% <sup>3</sup> <sub>4</sub>	62%	2 $\frac{1}{4}$ %		100
1885-'6-----	48% <sup>3</sup> <sub>4</sub>	7 $\frac{3}{4}$ %	56%	42 $\frac{3}{4}$ %	1%		100
1886-'7-----	48% <sup>3</sup> <sub>4</sub>	-----	48% <sup>3</sup> <sub>4</sub>	28% <sup>3</sup> <sub>4</sub>	-----	23%	100
1887-'8-----	40% <sup>1</sup> <sub>2</sub>	15 $\frac{3}{4}$ %	56% <sup>3</sup> <sub>4</sub>	20% <sup>3</sup> <sub>4</sub>	-----	23% <sup>3</sup> <sub>4</sub>	100
1888-'9-----	30%	23% <sup>1</sup> <sub>4</sub>	53% <sup>1</sup> <sub>4</sub>	22% <sup>1</sup> <sub>4</sub>	-----	24% <sup>1</sup> <sub>4</sub>	100
To Nov. 23, 1889-	37% <sup>1</sup> <sub>2</sub>	17% <sup>3</sup> <sub>4</sub>	55% <sup>1</sup> <sub>4</sub>	30%	-----	14% <sup>3</sup> <sub>4</sub>	100

The percentage via San Francisco and via Tacoma must be added to show the total percentage via American lines for comparison with any other route or routes for the given season.

The percentage carried by the American lines for the "season" now in progress, which ends May 31, 1890, indicates, as shown by the table, that the American lines will this "season" carry a larger share of the traffic than at any time since 1875, both in tonnage and percentage. The irresistible conclusion is that "the diversion" via the Canada Pacific route has been almost wholly at the expense of British steamers and sailing vessels, and that the disastrous effect of its competition claimed by the American lines is a pure myth.

The statistics also justify the further conclusion that the total tea tonnage of the Canadian Pacific route does not greatly exceed *the local consumption of Canada herself*.

Let us next consider "the diversion" of the trade in

American domestics for China. I openly deny that the American transcontinental lines have *ever* carried any appreciable tonnage of domestics or cotton goods for China or any other transpacific destination. I challenge the American lines to produce any figures which will disprove my assertion. Before the Canadian Pacific route was opened, the small export trade in American cottons was done by rail from the mills to Fall River, Mass., thence by water to New York, and thence to China and Japan by British vessels via the Suez canal. A suggestive and instructive prophecy which is being rapidly fulfilled, was made by Hon. George F. Page, of Concord, N. H., in his argument on behalf of the business interests of New Hampshire before the railroad committee of the New Hampshire Legislature July 28, 1887, in favor of the passage of House bill No. 28. Mr. Page says:

"On behalf of a large number of business men, and especially the manufacturers in Merrimac Valley, I desire to submit a few suggestions for your consideration. I am not here in the interest of any railroad corporation or of the agent of any railroad corporation. What I say to-night will be said as my own voluntary action.

\* \* \* "Before the civil war New England had a large trade in cotton cloth with China. The war destroyed that trade, as it did nearly all our export business. England, with her commercial enterprise, seized the trade, and has practically monopolized it since. Prior to the war there was an open competition in the Chinese markets between old England and New England, cotton cloth being shipped by both peoples around the Cape of Good Hope, but it was necessary to put it into tin cases or otherwise sealed packages to protect the cloth from atmospheric changes, for without this precaution through the long voyage through the southern seas it would mildew, and therefore would not arrive in a merchantable condition. You will remember that before we could recover our export trade after the war, England secured control of the Suez canal, and she has ever since held this cotton trade with China almost exclusively by virtue of that fact, for in shipping through the Suez canal by steamer, the



English manufacturers are not obliged to pack their goods in tin cases, but they put a kind of varnish or dressing as a coating over their packages, which, while it does not entirely exclude the air, does it to a sufficient extent to protect the goods on a short voyage through a moist climate. These conditions have put an embargo upon the shipment of cotton cloth in any considerable amount from the United States to those markets, while the amount of cloth shipped by English manufacturers to China yearly has already reached 400,000,000 yards and to Java 100,000,000 yards. *That trade belongs to New England, and may be recovered, at least in part, if not entirely, by New England.*

"With the completion of the Canadian Pacific railway and the putting on of a regular line of steamers from Vancouver to Shanghai and Hong Kong the way is open to this consummation, provided we can make proper connections with that road. By this route cotton goods can be shipped from New England even without the expense of the dressing which the English manufacturers apply to their packages shipped through the Suez canal. Instead of that we can ship the cloth in ordinary bales or boxes, because, the voyage being a short one and wholly in a northern latitude, the condition of the goods upon arrival will be the same as when they left the factory.

"The time required for the shipping of the goods from the New England mills to Shanghai is about thirty days; the time from England via the Suez canal is about fifty-three days. Some one may say that England may ship her cloth across the Atlantic and thence over the Canadian route to Shanghai; but suppose she does. The raw cotton must be taken across the Atlantic and the finished goods returned, and both the expense and time are against the English manufacturer. So it is that, while New England has not been able in the past successfully to compete with old England, with this proposed transportation system completed, old England cannot successfully compete with New England.

"This, gentlemen, is no picture of the imagination, for while we discuss this question here, a train of twenty cars is on its way with fifteen hundred bales of cotton cloth for Japan and China. That train passed up through the Merri-mac Valley, thence over the Canadian Pacific railway to Vancouver, from which points these goods will be taken by



steamer to Yokohama and Shanghai. To-night a vast commerce has its birth, for China, as if impatient of delay and unwilling to await the slow process of legislation, but anticipating what that legislation is to be, reaches out her hand and bids New England 'welcome.' ”

A few weeks ago, while I was in the office of the Canadian Pacific Steamship Company, in New York, an agent of one of the New England mills called for the purpose of obtaining a rate on 1,000 cases of twills to Bombay. This simple fact speaks volumes, indicating as it does that by means of this foreign railway corporation, America may yet market her domestic manufactures among the teeming millions of Britain's own India. In view of these facts how can your honorable Committee heed the whinings of American trans-continental lines which have never been willing to make any rates by which New England could do any of this business?

As to the item of raw silk. It is true that the Canadian Pacific railway, by means of special silk express trains and great energy, has diverted from American lines a portion of the traffic which was wholly their own. The extent of the diversion is shown by the following table:

*Imports of Raw Silk, May 1, 1888, to March 27, 1889.*

American lines.

Via Pacific Mail Steamship Company-----	8,521 bales.
“ Occidental and Oriental Steamship Com- pany-----	7,854 “
“ Canadian Pacific Steamship Company---	3,353 “
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Total -----	19,728 bales.

Proportion of Canadian Pacific, 17 per cent.

*Third Reason.—Local Tariffs.*

In order to intelligently consider this “reason” I have caused to be compiled from the books of the Grand Trunk

Railway Company and from the books of the Canadian Pacific Railway Company the local tariffs now in force on certain staple articles of freight for distances from five miles to four hundred miles, inclusive. The comparison is made with the rates now in force upon twenty American railroads for the same articles of freight for the same distances.

The articles of freight are as follows :

Flour and wheat.

Iron.

Sugar.

Boots and shoes.

Agricultural implements.

Salt.

Lumber. •

Hardware (N. O. S.\*).

It will be noted that on the article of salt the comparison is made with seventeen, but on all other articles with twenty railroads. The names of the American railroads are :

Northern Pacific.

Southern Pacific.

Pennsylvania.

Illinois Central.

Chicago, Milwaukee and St. Paul.

Boston and Lowell.

Chicago and Northwestern.

Chicago, St. Paul, Minneapolis and Omaha.

Chicago and Alton.

Chicago, St. Paul and Kansas City.

Chicago, Kansas and Nebraska.

Chicago, Burlington and Quincy.

Delaware, Lackawanna and Western.

Hannibal and St. Joe.

Minneapolis, St. Paul and Sault St. Marie.

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\* Not otherwise specified.

New York and New England.

Passumpsic.

Toledo, Ann Arbor and North Michigan.

Wabash.

Cincinnati, Jackson and Mackinaw.

I subjoin a table showing the comparison *in extenso* of the Canadian lines with the first four American lines mentioned, selecting the two highest and two lowest. The tariffs of the remaining sixteen lines I file with your Committee for the verification of my analysis and conclusion. The Canadian lines show two local tariffs, mileage and special, the former being used in small station to station business where volume of traffic is small and non-competitive, the special being applicable to all stations of any considerable size or importance.

A careful comparison of the Grand Trunk tariffs with those of the Canadian Pacific shows very little difference, the latter being slightly the lowest, so that the conclusions favorable to the Grand Trunk are even more so to its Canadian rival.

FLOUR AND WHEAT—In Car-Loads in Cents per 100 Lbs.

Miles.	G. T. R.		C. P. R.		N. Pac.	S. Pac.	Pa. R.R.	Ill. Cen.
	Mileage.	Special.	Mileage.	Special.	Local.	Local.	Local.	Local.
5	3	4	3	4	3	4	5	4½
10	4	4	4	4	4	6	6	4¾
15	5	4	5	4	4½	10	6	5
20	6	4	6	4	5	14	7	5
25	7	5	7	5	5½	17	7	5¼
30	8	5	8	5	6	21	8	5½
35	8	6	8	5	6½	24	8	5¾
40	9	6	9	6	7	29	9	6
45	9	6	9	6	7½	32	9	6
50	10	6	10	6	8	36	9	6½
75	12	7	12	7	10	54	11	7½
100	14	7	14	7	12	72	13	8
125	15	7	15	8	13	90	15	8¾
150	16	10	16	10	14½	109	16	9½
175	18	10	18	10	15½	110	17	10½
200	19	11	19	13	17	110	18	10¾
250	20	13	20	15	19½	110	19	12½
300	23	14½	23	15	22	110	21	13½
350	24	16½	24	16½	24	110	23	14¾
400	25	17½	25	17½	26	110	24	16¼

## IRON—In Car-Loads in Cents per 100 Lbs.

Miles.	G. T. R.		C. P. R.		N. Pac.	S. Pac.	Pa. R. R.	Ill. Cen.
	Mileage.	Special.	Mileage.	Special.	Local.	Local.	Local.	Local.
5	4	-----	4	-----	5	4	4	5
10	5	-----	5	-----	7	6	5	5 $\frac{1}{4}$
15	6	-----	6	6	9	10	6	5 $\frac{1}{2}$
20	7	-----	7	6	10	14	6	5 $\frac{3}{4}$
25	8	-----	8	7	11	17	7	6
30	9	-----	9	8	13	21	7	6
35	10	-----	10	8	14	24	7	6 $\frac{1}{4}$
40	11	-----	11	8	15	29	7	6 $\frac{1}{2}$
45	12	-----	12	8	16	32	7 $\frac{1}{2}$	6 $\frac{3}{4}$
50	12	-----	12	8	17	36	7 $\frac{1}{2}$	7
75	15	-----	15	8	22	54	10	7 $\frac{3}{4}$
100	18	15	18	8	27	72	12	8 $\frac{1}{2}$
125	19	18	19	8	30	90	13	9 $\frac{1}{4}$
150	20	18	20	9	32	109	14	11 $\frac{1}{4}$
175	22	18	22	9	35	110	15	12 $\frac{3}{4}$
200	23	20	23	11	37	110	16 $\frac{1}{2}$	14 $\frac{1}{4}$
250	26	23	26	11	42	110	18	17
300	30	25	30	11	47	110	20	20
350	33	27	33	15	52	110	21	22 $\frac{1}{2}$
400	35	30	35	15	57	110	22 $\frac{1}{2}$	25

## SUGAR—In Car-Loads in Cents per 100 Lbs.

Miles.	G. T. R.		C. P. R.		N. Pac.	S. Pac.	Pa. R. R.	Ill. Cen.
	Mileage.	Special.	Mileage.	Special.	Local.	Local.	Local.	Local.
5	4	-----	4	-----	5	4	5	4
10	5	-----	5	-----	7	6	6	5 $\frac{1}{4}$
15	6	6	6	6	9	10	6	5 $\frac{1}{2}$
20	7	6	7	6	10	14	7	5 $\frac{3}{4}$
25	8	7	8	7	11	17	7	6
30	9	8	9	8	13	21	8	6 $\frac{1}{4}$
35	10	8	10	8	14	24	8	6 $\frac{1}{2}$
40	11	8	11	8	15	29	9	6 $\frac{3}{4}$
45	12	8	12	8	16	32	9	6 $\frac{3}{4}$
50	12	8	12	8	17	36	9	7
75	15	8	15	8	22	54	11	7
100	18	8	18	8	27	72	13	8
125	19	8	19	8	29	90	15	9 $\frac{3}{4}$
150	20	9	20	9	32	110	16	11
175	22	9	22	9	34	110	17	12 $\frac{3}{4}$
200	23	11	23	11	37	110	18	14
250	26	11	26	11	42	110	19	17
300	30	11	30	11	47	110	21	20
350	33	12	33	15	52	110	23	22
400	35	15	35	15	57	110	24	25

BOOTS AND SHOES—*In Less than Car-Loads in Cents per 100 Lbs.*

Miles.	G. T. R.		C. P. R.		N. Pac.	S. Pac.	Pa. R. R.	Ill. Cen.
	Mileage.	Special.	Mileage.	Special.	Local.	Local.	Local.	Local.
5	8	-----	8	-----	10	4	6	14
10	10	-----	10	-----	14	7	6	14
15	12	12	12	12	17	11	9	15
20	14	12	14	12	20	15	10	16
25	16	14	16	14	22	18	13	17
30	18	15	18	15	25	22	14	17
35	20	16	20	16	27	25	14	18
40	22	16	22	16	30	30	16	18
45	24	16	24	16	32	35	18	19
50	24	16	24	16	34	37	20	20
75	30	20	30	20	44	55	26	22
100	36	22	36	22	54	75	29	24
125	38	22	38	22	60	93	32	28
150	40	22	40	22	64	112	34	32
175	44	22	44	22	70	130	38	36
200	46	24	46	24	74	150	42	40
250	52	28	52	28	84	168	48	48
300	60	28	60	28	94	187	54	56
350	66	30	66	30	104	200	58	58
400	70	40	70	34	114	200	61	61

AGRICULTURAL IMPLEMENTS—*In Car-Loads in Cents per 100 Lbs.*

Miles.	G. T. R.		C. P. R.		N. Pac.	S. Pac.	Pa. R. R.	Ill. Cen.
	Mileage.	Special.	Mileage.	Special.	Local.	Local.	Local.	Local.
5	4	-----	4	-----	4	4	4	5
10	5	-----	5	-----	6	6	5	5 $\frac{1}{4}$
15	6	-----	6	-----	7	10	6	5 $\frac{1}{2}$
20	6	-----	6	-----	8	14	6	5 $\frac{3}{4}$
25	7	6	7	6	9	17	7	6
30	8	7	8	6	10	21	7	6 $\frac{1}{4}$
35	9	7	9	7	11	24	7	6 $\frac{1}{2}$
40	10	7	10	7	12	29	7	6 $\frac{3}{4}$
45	11	7	11	7	13	32	7 $\frac{1}{2}$	6 $\frac{3}{4}$
50	11	7	11	7	14	36	7 $\frac{1}{2}$	7
75	14	9	14	9	18	54	10	8
100	16	10	16	10	22	72	12	9
125	17	10	17	12	24	90	13	10 $\frac{3}{4}$
150	18	10	18	13	26	109	14	12 $\frac{1}{4}$
175	20	10	20	13	27	110	15	14 $\frac{1}{4}$
200	21	11	21	13	30	110	16 $\frac{1}{2}$	16 $\frac{1}{4}$
250	24	13	24	13	34	110	18	19 $\frac{1}{4}$
300	30	13	30	13	38	110	20	22 $\frac{1}{2}$
350	31	14	31	14	42	110	21	25
400	33	18	33	18	46	110	22 $\frac{1}{2}$	27 $\frac{1}{2}$



## SALT—In Car-Loads in Cents per 100 Lbs.

Miles.	G. T. R.		C. P. R.		N. Pac.	S. Pac.	Pa. R. R.	Ill. Cen.
	Mileage.	Special.	Mileage.	Special.	Local.	Local.	Local.	Local.
5	3	-----	3	-----	3	3½	4	3½
10	4	-----	4	-----	4	5	5	3½
15	4	-----	4	-----	4	6	5	3½
20	5	-----	5	-----	4	7½	6	3¾
25	5	-----	5	-----	5	8½	6	3¾
30	6	-----	6	5	5	9½	6	4
35	6	-----	6	5	6	10	6	4
40	7	-----	7	6	6	11	6	4½
45	7	-----	7	6½	7	11½	7	4½
50	7	-----	7	6½	8	12½	7	4½
75	10	8	10	7	11	18½	9	5
100	11	9	11	8½	13	25	10½	5¾
125	13	10	13	9	15	30	11	6¼
150	14	10	14	10	16	35	12	6¾
175	15	10	15	10	18	40	13	7¼
200	16	11	16	11	19	45	14½	7¾
250	18	12	18	12	21	50	15½	8¾
300	20	13	20	12½	23	55	16½	9¾
350	22	14	22	14	25	60	17	10¾
400	24	15	24	15	27	65	18½	11¾

## LUMBER—In Car-Loads in Cents per 100 Lbs.

Miles.	G. T. R.		C. P. R.		N. Pac.	S. Pac.	Pa. R. R.	Ill. Cen.
	Mileage.	Special.	Mileage.	Special.	Local.	Local.	Local.	Local.
5	3	3	3	3	3	3	4	3½
10	4	3½	4	3½	3½	4	5	3½
15	4	4	4	4	4	5	5	3¾
20	5	4	5	4	4½	6½	6	4
25	5	5	5	5	5	7½	6	4½
30	6	5	6	5	5½	8	6	4½
35	6	5½	6	5½	6	8½	6	4½
40	7	5½	7	5½	6	9	6	4½
45	7	6	7	6	6½	9½	7	4¾
50	7	6	7	6	7	9½	7	5
75	10	8	10	8	9½	11	9	5½
100	11	9	11	9	11½	15	10½	6¼
125	13	9½	13	9½	13	18½	11	6¾
150	14	10	14	10	14	22½	12	7½
175	15	10	15	10	15½	26	13	8
200	16	11	16	11	16½	30	14½	8½
250	18	12½	18	12½	19	35	15½	9½
300	20	14	20	14	21½	40	16½	10½
350	22	15½	22	15½	24	45	17	11½
400	24	17	24	17	26½	50	18½	12½



HARDWARE (N. O. S.)—*Less than Car-Loads in Cents per 100 Lbs.*

Miles.	G. T. R.		C. P. R.		N. Pac.	S. Pac.	Pa. R. R.	Ill. Cen.
	Mileage.	Special.	Mileage.	Special.	Local.	Local.	Local.	Local.
5	7	-----	7	-----	9	4	6	12
10	8	-----	8	-----	12	7	6	12 $\frac{1}{2}$
15	11	11	11	11	14	11	9	13 $\frac{1}{4}$
20	12	11	12	11	17	15	9	14
25	14	12	14	12	19	18	10	14 $\frac{1}{2}$
30	16	13	16	13	21	22	11	15
35	18	14	18	14	23	25	12	15 $\frac{1}{2}$
40	19	14	19	14	26	30	13	16
45	21	14	21	14	27	33	14	16 $\frac{1}{2}$
50	21	14	21	14	29	37	16	17
75	26	18	26	18	37	55	20	18 $\frac{3}{4}$
100	32	18	32	18	46	75	23	20 $\frac{1}{2}$
125	33	19	33	23	51	93	26	22 $\frac{3}{4}$
150	35	19	35	25	54	112	29	25 $\frac{1}{4}$
175	39	19	39	25	60	130	32	27 $\frac{3}{4}$
200	40	21	40	25	63	150	36	30 $\frac{1}{4}$
250	46	25	46	25	71	168	41	35
300	53	25	53	25	80	170	46	40
350	58	26	58	26	88	170	50	42 $\frac{1}{2}$
400	61	35	61	35	97	170	53	45

I have compared each of the Grand Trunk local tariffs with the tariff of each American railroad, making 314 comparisons, in 133 of which the *average* of both the Canadian mileage and special tariffs are *higher* and in 181 comparisons *lower* than their American competitors, as per the following table :

*Analysis of Comparisons of Grand Trunk Local Tariffs, Mileage and Special, with Those of Twenty American Railroads (Except on the Item of Salt, when the Comparison is with Seventeen).*

Flour and wheat.	{	G. T. mileage higher than	15, lower than	5, total of---	20
	{	" special " "	6, " "	14, " ---	20
Iron ----	{	" mileage " "	13, " "	7, " ---	20
	{	" special " "	12, " "	8, " ---	20
Sugar ----	{	" mileage " "	14, " "	6, " ---	20
	{	" special " "	4, " "	16, " ---	20
Boots and shoes.	{	" mileage " "	10, " "	10, " ---	20
	{	" special " "	1, " "	19, " ---	20
Agricultural imple-	{	" mileage " "	9, " "	11, " ---	20
ments.	{	" special " "	1, " "	19, " ---	20
Salt -----	{	" mileage " "	10, " "	7, " ---	17
	{	" special " "	6, " "	11, " ---	17
Lumber --	{	" mileage " "	13, " "	7, " ---	20
	{	" special " "	9, " "	11, " ---	20
Hardware.	{	" mileage " "	10, " "	10, " ---	20
	{	" special " "	0, " "	20, " ---	20
Average-----		" "	133 " "	181 " "	314

Or, in other words, the average of both mileage and special Grand Trunk tariffs is *seven and a half per cent. less* than American local tariffs.

A fairer comparison would be between the Grand Trunk special and American local tariffs, in which the result would be as follows: Grand Trunk higher than 39, lower than 118, total of 157; or, in other words, the Grand Trunk special tariff is *twenty-five per cent. less* than American local tariffs.

The relative cheapness of Grand Trunk local rates is not the result of a new policy, but has prevailed for many years, as proven by the following table, which shows a comparison in 1875 of the local rates of the then five great trunk lines of railway. The data for this table were furnished by J. L. Ringwalt, Esq., editor of "The Railway World," published at Philadelphia, Pa., and are found on page 254 of his book, entitled "Development of Transportation Systems in the United States."

Miles from given point to station nearest the distance taken.		Kind of freight.			
		1st class.	2d class.	3d class.	4th class.
For 50 miles :					
Erie -----	50--	22	17	12	9
New York Central ----	55--	24	21	16	9
Pennsylvania -----	50--	19	16	14	11
Grand Trunk -----	55--	28	23	19	14
Baltimore and Ohio ---	50--	20	20	19	16
For 75 miles :					
Erie -----	75--	27	21	15	11
New York Central ----	74--	26	23	19	13
Pennsylvania -----	75--	25	21	18	15
Grand Trunk -----	75--	30	25	20	15
Baltimore and Ohio ---	75--	30	30	25	23
For 100 miles :					
Erie -----	100--	34	26	19	14
New York Central ----	101--	33	28	25	15
Pennsylvania -----	100--	30	25	20	15
Grand Trunk -----	103--	36	30	24	18
Baltimore and Ohio ---	100--	40	40	34	30
For 150 miles :					
Erie -----	153--	45	34	24	19
New York Central ----	156--	48	42	36	22
Pennsylvania -----	150--	44	37	33	26
Grand Trunk -----	150--	44	37	29	22
Baltimore and Ohio ---	152--	61	50	42	36
For 200 miles :					
Erie -----	200--	56	42	30	23
New York Central ----	199--	61	50	40	24
Pennsylvania -----	200--	66	56	46	36
Grand Trunk -----	203--	54	45	36	27
Baltimore and Ohio ---	201--	72	59	52	40
For 250 miles :					
Erie -----	248--	67	50	36	28
New York Central ----	253--	65	53	49	28
Pennsylvania -----	250--	71	56	46	36
Grand Trunk -----	250--	60	50	40	30
Baltimore and Ohio ---	253--	95	73	60	40

Miles from given point to station nearest the distance taken.	Kind of freight.			
	1st class.	2d class.	3d class.	4th class.
For 300 miles:				
Erie ----- 300--	78	59	43	33
New York Central ---- 300--	70	55	51	31
Pennsylvania ----- 300--	71	56	46	36
Grand Trunk ----- 300--	60	50	40	30
Baltimore and Ohio--- 300--	95	80	60	40
For 350 miles:				
Erie ----- 351--	86	65	47	38
New York Central ---- 349--	76	60	50	34
Pennsylvania ----- 350--	71	56	46	36
Grand Trunk ----- 350--	70	58	47	35
Baltimore and Ohio--- 350--	95	80	60	40

The following analysis of the above table is based on fourth-class freight alone as a saving of time and space. A comparison of the other three classes of freight would give equally or even more favorable results. It will be noted that the name of the Baltimore and Ohio railroad, like that of Abou Ben Adem, "leads all the rest" in high rates in 1875, as that of the Southern Pacific railroad does in 1890:

*Comparison of Local Rates on Fourth-Class Freight of the Grand Trunk Railway Company in 1875 with Those of Four American Trunk Lines.*

*Distances.*

50 miles. Grand Trunk higher than	1, same or lower than	3, total of	4
75 " " " " " "	2, " " " "	2, " "	4
100 " " " " " "	3, " " " "	1, " "	4
150 " " " " " "	1, " " " "	3, " "	4
200 " " " " " "	2, " " " "	2, " "	4
250 " " " " " "	2, " " " "	2, " "	4
300 " " " " " "	0, " " " "	4, " "	4
350 " " " " " "	1, " " " "	3, " "	4
<hr/>			
Grand result-----	12, " " " "	20, " "	32

I beg leave to file with your Committee local freight tariff No. 99 of the Canadian Pacific railway, put into effect February 1, 1888, and covering all local traffic between Winnipeg and Vancouver. This territory is absolutely free from all competition by either rail or water, and the traffic is wholly dependent upon the Canadian Pacific railway; yet for that long distance of 1,483 miles the rates are as carefully adjusted to the long-and-short-haul clause of our interstate law as by any American road. I select a few examples from this tariff:

*Classes of Freight.*

		1	2	3	4	5	6	7	8	9	10
Winnipeg to Aikins,	505 miles.....	151	127	102	77	70	57	39	39	57	33
Winnipeg to Golden,	1,007 " .....	245	204	164	124	114	97	68	58	95½	56
Winnipeg to Vancouver,	1,483 " .....	337	281	225	169	156	140	102	83	136	83

The schedule shows 111 stations between Winnipeg and Aikins, but not one of them pays a higher rate than as shown above. There are 168 stations between Winnipeg and Golden, 219 stations between Winnipeg and Vancouver, but no intermediate station pays more than the long-haul rate. Many of these stations are, of course, only flag stations, but the principle of the long-and-short-haul clause of our law is rigidly applied, *while on the American transcontinental lines this principle is not applied.* I select a single example from the transcontinental tariff:

Coal oil from Pittsburgh or Buffalo to

Pacific coast terminals only----- \$1.25 per 100 lbs.

Coal oil from Pittsburgh or Buffalo to intermediate points west of 97th meridian----- 1.95 " " "

These rates can be found on pages 37 and 10, respectively, of the west-bound transcontinental tariff now in force, a copy of which I file with your Committee. This tariff also discloses that substantially the lowest rate on any American traffic from Minneapolis to Pacific coast is 99 cents per 100

lbs., while the lowest class rate for similar Canadian traffic for practically the same distance, as per tariff No. 99, is only 83 cents per 100 lbs.

The following correspondence between the traffic manager of the Canadian Pacific railway and the Interstate Commerce Commission is self-explanatory :

" THE CANADIAN PACIFIC RAILWAY COMPANY,  
 " OFFICE OF GENERAL TRAFFIC MANAGER,  
 " GEO. OLDS, GENERAL TRAFFIC MANAGER,  
 " MONTREAL, *October 31, 1888.*

" SIR : I beg respectfully to enclose herewith a copy of my circular No. 46, bearing date October 29.

" In doing so I wish to explain that in issuing this circular I have had in view the object of removing to some extent an impression somewhat generally existing in the United States that this line, while an active competitor of the American lines, which are subject to the provisions of the interstate commerce law, could and did manage its Canadian traffic, and indeed all traffic interchanged with its American connections, subject only to the laws of this dominion.

" I had the honor of appearing before your board on one occasion in Chicago, when I expressed the opinion that the officers of this company had adhered more closely to the requirements of the interstate commerce law than any of its American rivals. In making this statement I explained that we took this position in the interests and for the protection of our American connections. We have never changed our policy in this respect.

" I have for some time been anticipating the objection of your board to many of the tariffs of the Transcontinental Association promulgated September 1, and I now find my anticipations realized by the decision of yourself and Mr. Walker recently, though informally made known to Messrs. Midgley & Leeds, on receipt of which I decided to adopt tariff No. 8 of the Transcontinental Association, dated September 1, as the maximum rates which this company would charge on any transcontinental business, whether destined to Pacific coast points or points short thereof.

" Except perhaps classes 17 and 18 and some of the spe-



cial commodity rates which I think ought to be abrogated, I regard the through rates as published in tariff No. 8 high enough to compensate all transcontinental lines for the transportation of freight from the business centers in the East to the Pacific coast and to any points en route short of the coast. I believe they are reasonable alike to shippers and to the carriers, and that if they are given a fair trial officers of railways will hesitate in future before entering upon disastrous wars in their scramble for through business regardless of the rights of shippers located at interior non-competitive points.

"I hope the adoption by this company of the principles involved in my circular may assist your honorable board and our American railway friends in coming to an understanding which shall prove satisfactory alike to your board and to others interested.

"I have the honor to be, sir, your obedient servant,

"(Signed)

GEO. OLDS,

"General Traffic Manager.

"Hon. T. M. COOLEY,

"Chairman Interstate Commerce Commission."

"INTERSTATE COMMERCE COMMISSION,

"WASHINGTON, 13th November, 1888.

"GEO. OLDS,

"General Traffic Manager, Canadian

"Pacific Railway Company, Montreal, P. Q.

"DEAR SIR: Your favor of October 31 to Judge Cooley, with enclosures, has come before me, and I am interested in its contents. It shows that one at least of the transcontinental lines is willing to put intermediate points upon an equal basis with through business. I presume, however, that the lines in the United States would say that your local business is comparatively light, while their business to points this side of the Pacific coast is very considerable. I enclose a copy of the results of our recent examination of the new tariffs, and hope to have the benefit of your co-operation in such improvement and correction thereof as may be found possible.

"When the system gets into complete working order I trust it will be found a decided improvement over old methods, but it is as yet by no means perfect in detail.

"Very truly yours,

"(Signed)

ALDACE F. WALKER,

"Commissioner."

As confirmatory of the relatively lower gross earnings of the Canadian Pacific railway I submit the following table, compiled from the First Annual Report on the Statistics of Railways in the United States to the Interstate Commerce Commission for the year ending June 30, 1888, from page 162 to 189:

*Total Traffic Earnings per Train Mile in Dollars and Fractions of a Dollar.*

Canadian Pacific.....	\$1.261
New York Central and Hudson River railroad.....	1.623
Northern Pacific.....	1.779
Pennsylvania railroad.....	1.821
Southern Pacific:	
Atlantic system .....	1.826
Pacific system.....	2.584
Union Pacific .....	2.171

*Fourth Reason.—Lower Cost of Operation of Canadian Railroads.*

In my testimony given at Detroit I cited against this reason the "Graphic Statistics," published in Canada, which I now supplement by the following tables, compiled from the First Annual Report on the Statistics of Railways in the United States, &c., referred to above, pages 226 to 254:

*Percentage of Operating Expenses to Operating Income.*

Canadian Pacific.....	71.07	per cent.
New York Central and Hudson River railroad .....	64.26	"
Pennsylvania railroad.....	67.52	"
Northern Pacific.....	54.22	"
Southern Pacific:		
Atlantic system.....	65.50	"
Pacific system.....	60.52	"
Union Pacific .....	51.57	"

Also the following table, compiled from the same source, pages 268 to 306 :

*Cost to the Following Railways of Carrying One Passenger One Mile and of Moving One Ton of Freight One Mile.*

Canadian Pacific.....	Passenger, 1.772 cents ; freight, .742 cents.
New York Central and Hudson	
River railroad .....	“ 1.394 “ “ .557 “
Pennsylvania railroad .....	“ 1.637 “ “ .501 “
Northern Pacific .....	“ 1.825 “ “ .829 “
Southern Pacific :	
Atlantic system .....	“ 3.457 “ “ .733 “
Pacific system.....	“ 1.645 “ “ .829 “
Union Pacific.....	“ 1.436 “ “ .622 “

The passenger cost of the Atlantic system of the Southern Pacific, as above, is evidently an error, as can readily be seen by noting that its freight cost is lower than that of the Pacific system, whose passenger cost is less than one-half of that of its sister system.

The figures 3.457 were doubtless designed to be 1.457, but I give them as they appear in the published table of the Commission. If I am correct in assuming the error, it clearly appears that the passenger cost of the Canadian Pacific exceeds that of all its above competitors, while its freight cost is only exceeded by two of its competitors, and that slightly.

Notwithstanding these disadvantages, the net earnings of the Canadian Pacific may be relatively greater, owing to its lower capitalization and fixed charges, as shown by the following tables. Both its American and Canadian patrons are surely entitled to the benefit of its honest and economical construction. These tables are compiled from the same Annual Report of Railway Statistics previously cited, pages 114 to 152 and pages 268 to 306 :

*Amount of Railway Capital per Mile of Line Operated at the  
Close of the Year Ending June 30, 1888.*

Canadian Pacific-----	33,442	dollars.	
Northern Pacific-----	82,960	"	
Southern Pacific-----	94,001	"	
Union Pacific -----	52,682	"	Original U. P., 69,302.

NOTE.—These figures cover both main and leased lines. This fact reduces the per mile capitalization of the Union Pacific, the figures for its main line being 69,302 dollars per mile.

*Percentage of Total Expenditures Covered by Fixed Charges of  
the Transcontinental Lines.*

Canadian Pacific .....	27.35	per cent.
Northern Pacific .....	45.27	"
Union Pacific .....	41.78	"
Southern Pacific—not furnished to the Commission.		

Food for thought concerning the capitalization of American transcontinental lines is found in the following remarks of Mr. C. P. Huntington before the House Committee on Pacific Railroads, before referred to :

"I don't like to talk about it; but, if obliged to, the Central Pacific could build a line connecting with the Union Pacific and *replace the subsidized section at one-quarter the cost of that section and without Government aid.*"

The Hepburn investigation in 1879 disclosed the fictitious capitalization at that time of the Erie railway as being eighty millions of dollars and the New York Central system nearly fifty-four millions of dollars.

*Fifth Reason.—Differential Rates Granted Canadian Railroads.*

This reason has absolutely no force, from the fact that differential rates are now and always have been freely

granted to numerous American railroads by the standard lines, like the Vanderbilt and Pennsylvania systems. It is merely a device for equalizing the disadvantages of greater length of line between same points, poorer equipment, less convenient terminal facilities, lack of dining car or restaurant privileges, &c.

If all hotels had strictly first-class appointments, prices would be uniform; but, as many of them are of a lower class, they attract patronage by lower prices.

Railroads follow precisely the same course, whether they are American or Canadian, with the exception that the lower prices are fixed by the consent and agreement of the first-class lines.

Present standard rates from New York to Chicago.	Class.					
	1st	2d	3d	4th	5th	6th
Freight traffic-----	75	65	50	35	30	25c. per 100 lbs.
Differentials allowed the National Dispatch-----	10	8	6	4	4	3    “
Kanawha line-----	15	12	9	6	5	4    “
New York, Ontario and Western	8	6	4	3	2½	2    “
The West Shore, Erie, Delaware, Lackawanna and Western, and Lehigh Valley -----	5	4	3	2	1	1    “

Present standard rates from Chicago to New York.	Class.	
	1st class.	2d class.
Passenger traffic-----	20 dollars.	17 dollars per ticket.
Differential allowed Wabash, Chicago and Grand Trunk, Chicago and Atlantic, Nickel-Plate, and Baltimore and Ohio -----	2 dollars.	1 dollar per ticket.

The above differential is allowed only when route is made in connection with the Erie, West Shore, Lackawanna, Ontario and Western, and Lehigh Valley.

Between Boston and Chicago the Boston and Albany railroad rates are the standard ones, and differentials are allowed other lines both on freight and passenger traffic.



The following item in the New York Herald of February 2, 1890, explains itself :

“ The dispute over through rates between the Boston and Albany and Fitchburg roads has been settled by arbitration. The Fitchburg road has been awarded a differential of two dollars on each first-class passenger by the West Shore route and three dollars by the Erie route.”

The distance from Vancouver to San Francisco is 800 miles, and the only means of communication for the Canadian Pacific railway is *one steamer per week*.

This is a disadvantage in point of time of four or five days, which, by consent and agreement of all the transcontinental lines, is equalized to the Canadian Pacific route as follows, as per transcontinental tariff, October 1, 1889 :

“ The rates to *San Francisco only* from points named below via the Canadian Pacific railway will be the following differentials in cents per 100 lbs. less than the through rates shown above : ”

*Classes of Freight.*

From—	1	2	3	4	5	A	B	C	D	E
St. Paul and Minneapolis .....	15	12	10	10	10	8	8	7	5	5
Chicago, Milwaukee, and common points.....	17½	14½	12	10	10	8	8	7	5	5
Cincinnati, Detroit, and common points.....	21	17	14	11	11	9	9	7	5	5
Pittsburgh, Buffalo, and common points.....	22	18	15	12	12	10½	10½	8	7	5
New York, Boston, Philadelphia, Baltimore, and common points..	28	21	17	14	14	12	12	8	8	5

The differential on passenger traffic is, I think, five dollars per ticket.

It will be noted that the differentials above given apply to San Francisco only, the rates to all other Pacific coast points being precisely the same via Canadian Pacific as via other routes.

The Canadian Pacific railway did not make a rate on American business south of the international boundary until



after it was discovered that contracts were being made and rates quoted for British Columbia traffic via Puget's Sound by its American rivals. This naturally and instantly provoked retaliation and forced the Canadian Pacific to attack its competitors by seeking American traffic at Puget's Sound and San Francisco. The original purpose and policy of the Canadian Pacific is clearly shown by the following letter :

" CANADIAN PACIFIC RAILWAY COMPANY,  
" MONTREAL, 8th December, 1885.

" T. F. OAKES, Esq.,  
" Vice-President Northern Pacific Railroad,  
" St. Paul, Minn.

" DEAR SIR: Our line will be open for through traffic between Eastern points and the Pacific coast in May next.

" We wish as soon as possible to consider the question of through freight and passenger tariffs. We desire to make the least possible disturbance in existing through rates and to co-operate with the existing lines in the preservation of paying tariffs. To this end I will be glad if you will have sent us the fullest possible information as to your present rates, both regular and special, including rates on fish, fruit, &c., carried on express trains or under special conditions as to time, &c. So far as possible, we wish to adopt your existing rates, and should there be any cases in which circumstances will prevent our doing this we will communicate with you on the subject before taking any action.

" Yours truly,  
" (Signed) W. C. VANHORNE,  
" Vice-President."

*Sixth Reason.—Destruction of Revenues of American Lines.*

This reason is divisible into two subdivisions, the first covering the disastrous results of Canadian competition to transcontinental business; the second, the direful effect of the "Soo route" upon Northwestern business. Under the first subdivision I beg leave to submit the following article from the Railway Age (the leading railroad journal of this

country), under date of January 25, 1890, showing the effect upon the Northern Pacific railway :

" The Northern Pacific Company at the commencement of the present year had about 3,725 miles of completed track owned and operated, and the addition of the Wisconsin Central lines make up the grand total of a little over 4,450 miles, forming a vast and far-reaching system, now extending from Lake Michigan to the Pacific Ocean, with main line and branches lying in the States of Illinois, Wisconsin, Minnesota, Dakota, Washington, and Oregon, and the Territories of Montana and Idaho. The Northern Pacific has, moreover, pushed northward into Manitoba, where, under the title of the Northern Pacific and Manitoba railroad, it already has nearly 200 miles of lines in operation, with important extensions under way and contemplated. The company will also naturally continue the work of opening up new territory along its main lines by other extensions, so that it is evidently the question of but a short time when the mileage of the Northern Pacific system will have passed the 5,000-mile point, with possibilities of almost indefinite growth. Looking back only ten years, when the road consisted of only 530 miles of bankrupt line, ending at the Missouri river, and contrasting with that the vast mileage and prosperous condition of the company to-day, we have an impressive example of the changed conditions of this company and of many other railway properties which have arisen within comparatively so short a time. The Northern Pacific Company has fought its way from the depths of depression to a commanding position among the great railway systems of the land, and the remarkable increase in its earnings during the last year, when they reached the *grand total* of 21,753,000 *dollars*, gives its owners reason to hope for still better things."

Under the second subdivision the truth is, that the Chicago, Burlington and Northern Railway Company has been the main exciting cause of the Northwestern rate trouble. This road was in operation and working its blackmailing and stock-jobbing schemes for a year before the "Soo route" was opened. The New York Sun is well known to be the open and undisguised enemy of the Canadian lines, which

gives added force to the following editorial article, which recently appeared in its columns :

*" The Quincy and Northern Farce.*

"The directors of the Chicago, Burlington and Quincy railroad may as well finish the farce and let their corporation assume the ownership of the Chicago, Burlington and Northern. The latter was built in order that it might be sold to the older and richer corporation. The history of the Quincy road and the annual reports of its officers make no concealment of this fact. Owing to the scruples of some of the Quincy directors it was more difficult to take in the Northern property than was at first expected, and out of that difficulty have sprung some curious complications, which have revealed the Quincy management engaged in a most humiliating and disgraceful course. The hopeless and worthless Northern railroad, built in dishonesty for a purpose yet more dishonest, is maintained in vitality and activity and used to destroy the entire traffic of the Northwest. It is used by the directors and trustees of the Chicago, Burlington and Quincy railroad to oppress, rob, and impoverish the property of which they are the trustees. The Chicago, Burlington and Quincy railroad is to-day the largest individual stockholder in the Chicago, Burlington and Northern, a road which is a dependency of the Quincy system and which can be operated only by running over the Quincy tracks ; and yet this road has been so operated that it has robbed the Quincy stockholders of millions and the stockholders of contiguous property of many millions more. It is operated under a traffic agreement of twenty years' duration with the Quincy road, and, although the Quincy is its largest stockholder and directors of the Quincy are likewise individually holders of its stock, it has been run with an eye single to the purpose of so injuring, oppressing, and harassing the Quincy stockholders that, in sheer self-defense, they should be compelled to buy it. The directors, individually and collectively, of the Quincy railroad are therefore primarily responsible for the parasite which they themselves created and which they now aid, abet, and foster. It is with their assent and connivance to-day that the whole business of the Northwest is convulsed and disrupted. They plead that they have a traffic agreement and must live

up to it, and yet under the possible penalties of that agreement, if ended, the Quincy road and the Quincy directors would be plaintiffs against themselves. It is such a criminal absurdity as this, that the disgraced trustees of a great public property urge in extenuation of their course in aiding and abetting the Chicago, Burlington and Northern in its career of piracy and blackmail.

"The manly, the straightforward, the honest course to pursue, the course which would appeal to directors who had no stock in the Northern property, would be to cut off all connection or reciprocity with the Chicago, Burlington and Northern railroad and leave it to exist or rather to starve upon its local business. The other course would be to absorb it, which would be much more gratifying to the present directors and their friends, but very much more expensive to the Quincy, which could not lose very much money by reason of the depreciation of its holdings of Burlington and Northern stock, inasmuch as neither the corporation nor its directors paid very much cash for that commodity. All values are disturbed by the Burlington and Northern and the demoralization that it induces. Bankruptcy is invited. There is no possible stability or certainty of the general business, and injury and actual ruin are wrought to thousands; and when their defrauded and penniless stockholders have gone to Chairman Forbes and President Perkins, the chief figures of the esteemed family which manages the Quincy railroad, and have cried aloud to them for bread they have responded with stones. When incompetency is joined with dishonesty there is like to be sad havoc made even with the finest property."

*Seventh Reason.—Protection to American Industry.*

This reason is best and most plausibly stated by A. N. Towne, vice-president of the Southern Pacific railway, who insists that the national policy is now settled and should apply to railroads as well as to other forms of industry. I will not discuss the logical strength of the position, but I strongly suspect that such an application of the doctrine would detach so many republican voters in the Northeast, West, and Northwest as to endanger the further existence of the policy. The utter inconsistency of Mr. Towne's practice



with his theory cannot be better illustrated than to show the measure of protection given the American merchant and manufacturer by the Southern Pacific Railway Company, as per the following table, showing the rates in car-loads (C. L.) and less than car-loads (L. C. L.) charged English and French merchants compared with those charged American merchants. The portions of the whole rate from the foreign cities earned respectively by the steamship company and by the railway company, I estimate at one-fourth for the ocean carriage and three-fourths for the land carriage. If the estimate is erroneous it is because the proportion allowed the ocean carriage is too small. The articles named in the table are merely taken as examples of this "beautiful protective system" of the Southern Pacific railway. The schedules of the Harrison Steamship Line and the French Commercial Steamship Line, which I beg leave to file with your Committee, contain several hundred articles of freight, showing the same or greater discrimination.

*Table Showing Rates Charged for Transportation of Following Articles from the Various American Cities Named Below to San Francisco Compared with Rates Charged on Same Articles from Liverpool, England, to Same Destination when Carried by the Harrison Steamship Line and Southern Pacific by Forming a Through Line via New Orleans.*

Rate in cents per 100 lbs. to San Francisco from Liverpool and from following American cities :

	Steamship portion.		S. Pacific portion.	Total.	New Orleans, St. Louis.		St. Paul Kansas City.		Chicago.		New York.	
	C.L.	L.C.L.			C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.
Ale and porter .....	22	67 = 89	89	106	.....	99	.....	110	.....	120	.....	.....
Agricultural implements	22	67 = 89	89	106	.....	187	99	176	110	195	120	215
Bagging, burlaps and gunny.	22	67 = 89	89	106	.....	125	99	117	110	130	120	150
Cotton bags .....	22	67 = 89	89	.....	.....	235	.....	221	.....	245	.....	270
Bottles .....	22	67 = 89	89	86	.....	288	81	270	90	300	100	330
Canned goods .....	22	67 = 89	89	106	.....	.....	99	.....	110	.....	120	.....
Cheese .....	22	67 = 89	89	.....	.....	264	.....	248	.....	275	.....	300
						264	.....	248	.....	275	.....	300
						to	.....	to	.....	to	.....	to
Clothing .....	26	81 = 107	107	.....	.....	274	.....	351	.....	390	.....	420



*Table of Rates from Same American Cities to San Francisco Compared with Those Charged on Same Articles to Same Destination from Havre or Hamburg when Carried by the French Commercial Steamship Line and Southern Pacific Railway, Forming a Through Line via New Orleans.*

Rate in cents per 100 lbs. to San Francisco from Havre or Hamburg and from following American cities :

	Steamship portion.	S. Pac. portion.	Total.	New Orleans, St. Louis.		St. Paul, Kansas City.		Chicago.		New York.	
				C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.	C. L.	L. C. L.
Wine .....	22	63 =	85	.....	264	.....	248	.....	275	.....	300

According to this table if an English merchant wished to ship cotton bags to Liverpool from San Francisco the Southern Pacific railway will accept 67 cents for 100 lbs. for its portion of the Englishman's freight money, but if an American merchant wishes to make the same shipment from New Orleans the Southern Pacific railway *protectively* absorbs 235 cents per 100 lbs. This, too, notwithstanding the American's goods leave the same wharf in New Orleans at which the Englishman's land, and are hauled the same number of miles, perchance in the same car. The only difference between the two shipments is that the American pays a rate of freight 250 *per cent. higher than the foreigner.*

The rates to San Francisco from the various American cities are those of the west-bound tariff of the transcontinental lines. If a New York dealer in groceries desired to ship imported English cheese to San Francisco via any of the transcontinental lines he would have to pay 300 cents per 100 lbs., while the Harrison Steamship Line and Southern Pacific railway would together carry it *from Liverpool to San Francisco* for 89 cents per 100 lbs. No further analysis of the table is necessary to expose the hollowness and hypocrisy of the reason based on the doctrine of protection.

The New Orleans shipment, as illustrated above, is an open defiance and disregard of the order of the Interstate

Commerce Commission, which is as follows (the portion applicable to this subject being alone quoted):

“ INTERSTATE COMMERCE COMMISSION,  
“ WASHINGTON, *March 23, 1889.*

“ Circular (superseding that of March 7, 1889).

\*            \*            \*            \*            \*            \*            \*

“ Imported traffic transported to any place in the United States from a port of entry or place of reception, whether in this country or in an adjacent foreign country, is required to be taken on the inland tariff governing other freights.

“ By order of the Commission.

“ (Signed)

EDW. A. MOSELEY,  
“ *Secretary.*”

I hereby file with your Committee a copy of the above circular.

The most violent opposition to the Grand Trunk railway among its American competitors comes from the Michigan Central Railroad Company, whose general freight officers were the first ones indicted by a United States grand jury, under the new penal amendment, for violation of the Interstate Commerce Act.

The most violent opposition to the Canadian Pacific railway among its American competitors comes from the Southern Pacific Railway Company.

If my statements of fact and conclusions therefrom are well founded, there is no need to discuss at any length the questions of international jurisdiction and comity which must be involved in any attempt to control by Congressional action the purely local interstation traffic of Canada lying between points past which American bonded traffic is carried. Even if the jurisdictional objection should be waived by our Canadian neighbors, which is quite improbable, the configuration of Canadian territory is such, that a general application to its purely local traffic of the long and short haul clause of our law would be fraught with marked injustice. For example, the Canadian interstation traffic lying

between Sault Ste. Marie, Port Huron, and Detroit on the west and the St. Lawrence and Niagara frontiers of the State of New York on the east, could not be expected to submit to restrictions from which the entire interstation traffic of the great States of New York, Pennsylvania, Illinois, and every other State is exempted by the very terms of the Interstate Commerce Act, which reads as follows:

*"Provided, however, That the provisions of this act shall not apply to the transportation of passengers or property wholly within one State and not shipped to or from a foreign country from or to any State or Territory as aforesaid."*

Broader even than the Territorial boundary aspect of the question is that of the comparative volume of traffic afforded by these respective areas. The true earning capacity of any system of railway is measured by *the number of passengers and tons of traffic moved over one mile of its line* for a designated period, as one year. The enormous advantage in traffic-producing environment of the American over Canadian lines, would alone render inequitable the application to the latter of the fourth section of our Act.

In the presence of the failure of all the railroad reasons for further regulative or restrictive legislation concerning the Canadian lines the myriad commercial reasons *against* it must stand confirmed.

Respectfully submitted,

A. C. RAYMOND,  
*Detroit, Michigan.*









